

CHAPTER 105

INDIVIDUAL INCOME TAX — ACTIVE DUTY MILITARY SERVICE PAY

H.F. 652

AN ACT providing an exemption from the computation of the individual state income tax of all pay received for active duty military service and service in Operation New Dawn and including effective date and retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.7, subsection 40, Code 2011, is amended to read as follows:

40. Subtract, to the extent included, active duty pay received by a person in the national guard or armed forces military reserve for service performed on or after January 1, 2003, pursuant to military orders related to Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, and Operation Enduring Freedom.

Sec. 2. Section 422.7, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 42A. Subtract, to the extent included, all pay received by the taxpayer from the federal government for military service performed while on active duty status in the armed forces, the armed forces military reserve, or the national guard.

Sec. 3. EFFECTIVE UPON ENACTMENT AND RETROACTIVE APPLICABILITY.

1. This Act, being deemed of immediate importance, takes effect upon enactment.
2. The section of this Act amending section 422.7, subsection 40, applies retroactively to January 1, 2010, for tax years beginning on or after that date.
3. The section of this Act enacting section 422.7, subsection 42A, applies retroactively to January 1, 2011, for tax years beginning on or after that date.

Approved May 11, 2011